

- We are oldest company in this industry
- We sold off trollers once we got into shrimps. It is much more profitable.

- have 3 factories. 1st in 1988.
2nd in 2001, and 3rd one last year.

Employment is easy in peak season as people migrate here.
Now all have own buses and dormitories.

Glory in Vietnam provide IQF machinery. Earlier Dantec in Europe. This is much advanced and robust.
Price wise similar.

Ishida from Japan provides automatic weighing and sorting machines. Automatically grades the shrimps and sorted into 14 pouches.

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10,000 MTPA will cost less than 100 crores. Depends on configuration, such as packaging machines and lines.

IQF is plate freezers. There is no printing or nutrition info, it is block of frozen feeds, it is raw. This won't go to China.

Why no concerns about disease?

This specie is very good, very robust
Technologies have changed.

We used to import feeds. We had decades of knowledge and farms and distribution. We repent for not taking feed business seriously.

Though, as Indra Kumar said, even in feeds, not everyone is doing good.

Avanti has very strong man power, be it in-house or be it dealers.

Very good professional management, not like most family run companies.

TUF support is also a major role.

Professionally run by a family is what does well. HULs and others have failed as they were too professional.

What is crucial in success of shrimp processing?

- Financial management : as many borrow funds and divert them to real estate . We are debt free.
- Working capital management: Takes at-least 2-3 months to get payments as exports to US.

We also provide to Sysco, Red Lobsters, Eastern Fish. We are also going for value additions.

- First is quality
- Second is 2 to 3 years of relationship.

Devi is the only company with office in US. And also the only company that doesn't need to pay anti-dumping.

Why only 10-12 do well?

- There are many factors.
- Like in movies.

Is there space for Avanti to take up market share in processing too?

- Yes, I think so. Because of TUF. They are very strong and now have over 50% holding in Avanti Frozen Foods (25% + 40%).

What are the risks?

- No competition for next 3 years to Indian Shrimp. Vietnam and Thailand not coming back. Eucoder saturated. Consumption in US growing at very high pace. Now buying even in small sizes. Earlier used to grow till 20 counts, 30 counts. Now they can decide after 60. Lower count is growing year by year and can reach 50% of total. It adds so much security to farmer. Less prone to disease. Plus would require more feeds. Hatcheries would benefit. This can sustain the industry for next 4-5 years.

Now entire coast has farms. Availability of raw material has gone up drastically. We used to fear what if crop fails and we have not shrimps. But now we feel that pay back is very fast.

Operating margins are in double digits. Apex or Costal might not be showing numbers due to other interests. Double digit margins are there over last 1 - 2 years. Net margins are 5-6%.

Lot of capacities are coming, Apex, Avanti, Costal, Devi, us. But known devil is better than unknown devil.

Seeing the story of Avanti, we do feel that IPO might be good. But first we should have corporate governance.

Promoters have a block towards formalities.

Also, when we have option of debt and have confidence, then why list.

But then there is market capitalisation and the name and fame.

On Antibiotics risk: Yes it is there. We have good exposure in Europe - exclusive tie-up with Delhase. We have taken insurance policy against rejection. It is costly, but wanted safety. However, it should not disrupt whole industry. Also, we believe that it is arm-twisting activity between government to government. Over period of time, we get used to this. When anti-dumping came, we thought industry is out, we won't be in position to absorb those costs, but today we feel anti-dumping helped in form of anti-barrier for new players due to 1-2 years registration lag. Currently it is 2.2%. It will come to 1.07 by September. It is yearly review. These are now passed on.

Global price volatility is also not too much risk as all costs are passed on. It mostly affects only the standing inventory.

- Because America is consuming huge volumes.
- No such investment levels in other countries such as Bangladesh. Also, social audits are now compulsory.
- ACE certificates are available to us also.

In Thailand, the model is different. They have 30-40 km farms. We have small farms with max 10-20 acres.

Farmers are becoming disciplined:

- Rentals have gone up
- Feeds are not given on Credit

I see our industry as pharma industry. There will be ups and downs, but it will stay.